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INTRODUCTION

Macomb County Department of Senior Citizens Services (MCDSCS) entered into contract numbers GUARD-01-50001, GUARD-02-50001-1 and GUARD-02-50001-2 with the Michigan Family Independence Agency (FIA). Under these contracts they were to provide legal intervention services including guardianship and conservatorship services; and serve as a Representative Payee for eligible clients. MCDSCS was reimbursed for units of service provided through submission of monthly billings to FIA. The GUARD contract totaled \$38,210 for each of the three fiscal years. Collectively, the GUARD contracts cover the period October 1, 2000 through September 30, 2003.

SCOPE

The Office of Internal Audit performed an audit of MCDSCS to determine if the agency's billings were accurate, clients' records were properly maintained, and required documentation was on file to provide verification that services were provided. Our audit covered the period October 1, 2000 through January 31, 2003.

EXECUTIVE SUMMARY

Based on our audit, we conclude that MCDSCS over billed units and had weak internal controls, which resulted in client records lacking necessary documentation to support payments made. In addition, we found that duplicate guardianship fees were charged. Our report recommends that the Field Services Administration initiate the process to recoup overbilled funds from MCDSCS, and instruct MCDSCS to provide additional services to clients who overpaid guardianship fees, strengthen internal controls, and implement policies and procedures to ensure that clients' financial assets are safeguarded.

AGENCY RESPONSE

The management of Macomb County Department of Senior Citizens Services has reviewed all findings and recommendations included in this report. They indicated in a memorandum dated May 15, 2003 that they are in general agreement with the report, and corrective action has been taken.

FINDINGS AND RECOMMENDATIONS

Fiscal Year 2001

Units Billed

No exception noted

Fiscal Year 2002

Overbilled Units

1. MCDSCS overbilled FIA by \$180 because they inappropriately classified some units of service.

WE RECOMMEND that the Field Services Administration initiate the process to recoup \$180 from MCDSCS.

Duplicate Fee Payment

2. MCDSCS inappropriately charged one client's account \$240 for guardianship services that were also billed to and paid by FIA. MCDSCS reimbursed the client's account when the auditor informed them that the inappropriate charge had occurred.

WE RECOMMEND the Field Services Administration ensure that MCDSCS implements procedures to prevent duplicate charges to FIA and clients.

Fiscal Year 2003

Overbilled Units

3. MCDSCS overbilled FIA by \$100 because one client who was a private payee was billed to FIA and other units were inappropriately classified and billed. MCDSCS adjusted their billing to correct for the overbilled units while the auditor was on-site.

Duplicate Fee Payment

4. MCDSCS inaccurately charged one client's account \$240 and another client's account \$560 for guardianship services while FIA was being billed for the same period of time. MCDSCS reimbursed the clients' accounts to correct the inappropriate charges while the auditor was on-site.

Case File Review

5. We selected 20 out of 122 cases to review the case file documentation to determine if services were provided to meet the requirements of the contract. The following Internal Control Weaknesses were found:
 - A. MCDSCS did not use authorized vendors to provide cleaning and shopping services to clients for 10 of the 20 cases we reviewed. Friends and relatives of the case manager were used to provide these services.
 - B. Checks were written to cash, the case manager, and friends and relatives of the case manager from the clients' personal accounts in 6 of the 20 cases we reviewed.
 - C. Documentation was not on file to support miscellaneous expenses paid out of the clients' accounts for 6 of the 20 cases.

- D. No oversight of garage sales held on the clients' behalf was done for the 2 cases where garage sales were held. The case manager had a friend conduct garage sales to sell the clients' assets. However, there was no evidence that any proceeds from the sales were deposited in the clients' checking accounts.
- E. One client's account reflected bounced checks and non-sufficient fund charges while under the guardianship of MCDSCS. MCDSCS wrote checks to pay the client's bills in anticipation of pension or social security checks being deposited. However, the checks cleared before the money was deposited into the client's account.

WE RECOMMEND that the Service Delivery Administration instruct MCDSCS to develop policies and procedures to provide proper oversight of clients' financial matters.

WE FURTHER RECOMMEND that the Service Delivery Administration instruct MCDSCS to discontinue writing checks to cash or any county employee on behalf of a client.

WE ALSO RECOMMEND that the Service Delivery Administration instruct MCDSCS to obtain supporting documentation for all checks written, and include the documentation when the checks are presented to the second person for signature.